

# Car Insurance

June 2021



## What are the Canstar Car Insurance Star Ratings?

Canstar's Car Insurance Star Ratings use a sophisticated and unique ratings methodology that compares both price and features across comprehensive car insurance products.

Canstar's star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked. Ratings range from five to one star.

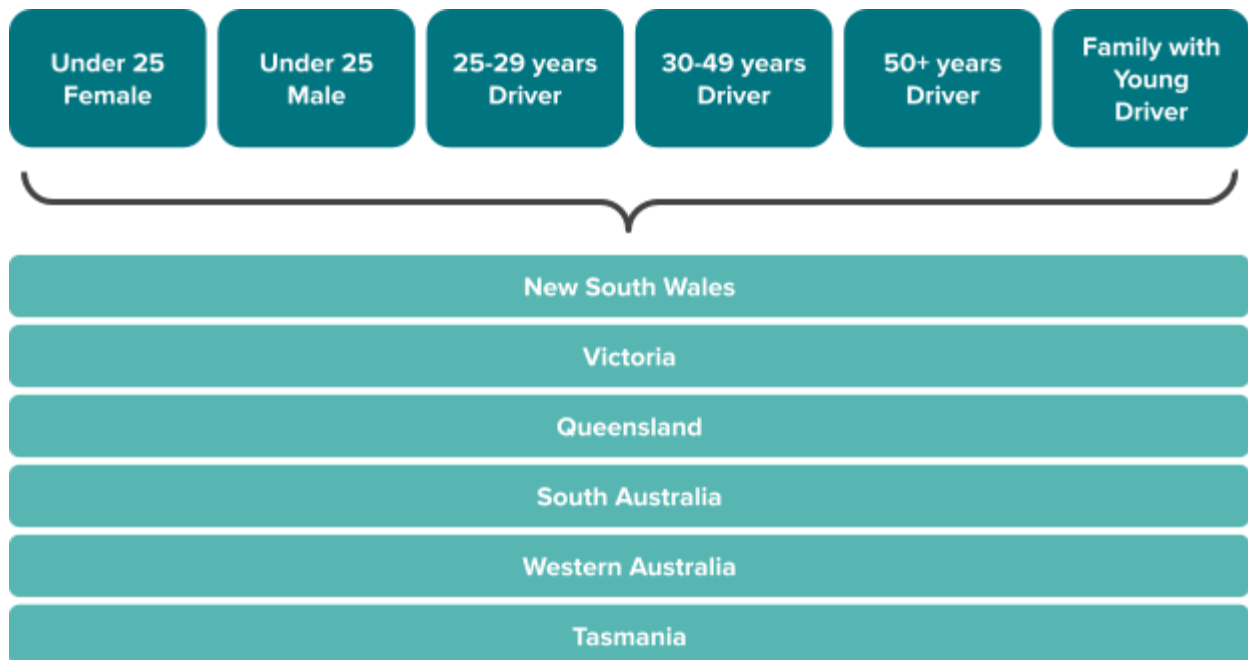
## What types of products are evaluated for Canstar's Car Insurance Star Ratings?

Eligibility for Canstar's Car Insurance Star Rating is overseen by the Research Committee. As a guide, a policy should follow the below criteria:

- It is a comprehensive car insurance policy
- For comparison purposes, a quote is available:
  - Directly from the provider, online or via phone
  - For all postcodes considered within each profile
  - Policies have been in the market for 12 months

## How are the Canstar Car Insurance Star Ratings calculated?

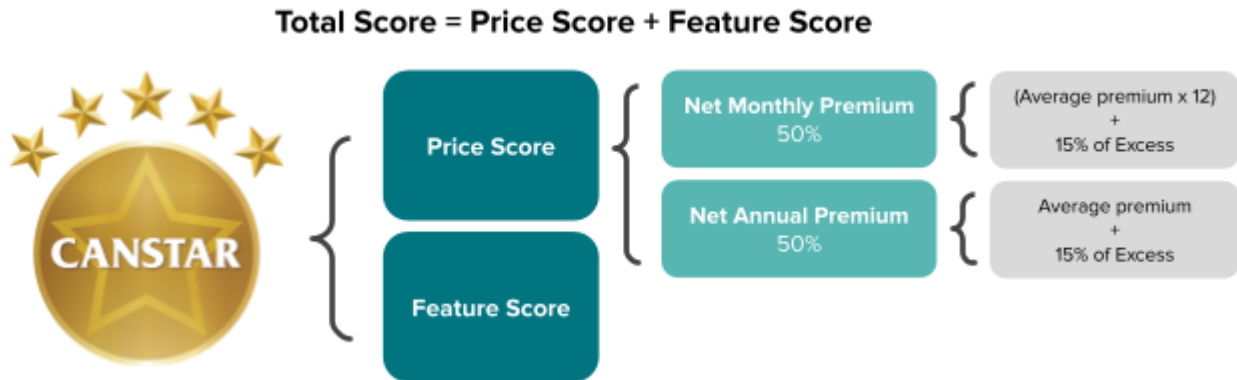
Car Insurance policies included in the Canstar Car Insurance Star Ratings are assessed across a total of 36 profiles, across six consumer profiles within six states, as follows:



## Star Ratings Methodology

Each eligible car insurance policy reviewed for the Canstar Car Insurance Star Ratings is awarded points for its comparative pricing and the array of features attached to the policy. Points are aggregated to achieve a price score and a feature score.

To arrive at the total score, Canstar applies a weight against the price score and the feature score. The weights reflect the relative importance of price and features in determining which policies offer value to consumers. This method can be summarised as:



The table below provides a breakdown of the weights allocated to the price score and feature score for each profile:

Profile	Price	Features
Under 25 year old Male/Female	80%	20%
25-29 year old Driver	75%	25%
30-49 year old Driver	70%	30%
50+ year old Driver	70%	30%
Family with Young Driver	70%	30%

### Price Score

The price score takes into consideration annual and monthly insurance premiums as well as the policy excess. The quotes used for the Canstar Car Insurance Star Ratings are for new policies as opposed to renewal prices, which can differ. Products are compared to each other with the product with the lowest average cost awarded the highest price score. All other products are awarded a relative score in comparison to the market average premium over a normal distribution.

Some key assumptions made when obtaining quotes relate to the driver's age, address, claim history (four per age profile), and the type of the car being insured. For quoting purposes, thirty addresses are selected within each state.

## Car Make/Model

While we recognise that the type, make, model and age of all cars available in the market cannot be represented, for comparison purposes we select six different car makes and models (two new and four used) to represent each profile, two cars being new, two cars being 5 years old and two cars being 10 years old.

The types of vehicles used in the rating are shown below:

Consumer Profile	New Car		5 Year Old Car		10 Year old Car	
Under 25 year old Male/Female	4-cylinder medium hatchback	4-cylinder medium sedan	4-cylinder medium sedan	4-cylinder medium hatchback	4-cylinder medium SUV	4-cylinder medium hatchback
25-29 year old Driver	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder medium sedan	4-cylinder utility vehicle	4-cylinder medium hatchback	4-cylinder utility vehicle
30-49 year old Driver	4-cylinder medium SUV	4-cylinder utility vehicle	4-cylinder medium sedan	4-cylinder utility vehicle	4-cylinder medium sedan	4-cylinder medium SUV
50+ year old Driver	4-cylinder medium hatchback	4-cylinder medium sedan	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder medium hatchback	4-cylinder medium SUV
Family with Young Driver	4-cylinder large sedan	4-cylinder medium SUV	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder large sedan	4-cylinder medium SUV

## Excesses

Excess options offered by providers vary. For comparison purposes, the excess amounts used for quotes (i.e. the “target excess”) differ by state. When the target excess amount is not offered as an option for a product, the closest excess amount is instead selected. When there is more than one excess amount of equal distance from the target excess, the lower excess amount is selected.

Profile	Target Excess
New South Wales	\$700
Victoria	\$750
Queensland	\$650
South Australia	\$600
Western Australia	\$750
Tasmania	\$600

A range of additional excesses may apply to individual policies in the event a claim is made. The additional age excess for registered drivers under the age of 25 are collected in addition to the target excess for the relevant profiles.

Canstar applies 15% of the total excess to the average annual premium. Applying this loading ensures that the impact on the net cost of the policy in the instance where a claim is made is accounted for in the price score.

## Feature Score

The feature score takes into account a number of features across six different categories as well as considering components within the customer claims satisfaction survey. Individual features are allocated points and each category, and subcategory, are assigned a weighting. The product with the highest feature score is allocated the maximum score, with all remaining products indexed against it.

The feature categories and subcategories, with assigned weights for each profile considered, are as follows:

Category/Subcategory	Weight
<b>Application</b>	<b>10%</b>
Application Channels	70%
Premium and Discounts	20%
Application Conditions	10%
<b>Payment</b>	<b>5%</b>
<b>Cover</b>	<b>40%</b>
After Accident Care	15%
Events Cover	15%
Excess Options	10%
Public Liability	10%
Rental Car	10%
Repairs	10%
Vehicle Cover	10%
Personal Effects	5%
Windscreen Cover	5%
Death Benefit	2.5%
Other Cover	2.5%
Roadside Assistance	2.5%
Trailer Cover	2.5%
<b>Service</b>	<b>10%</b>
Customer Self-Service	50%
Insurer Support Services	50%
<b>Claims</b>	<b>30%</b>
Claims Satisfaction	95%
<i>Claims Components</i>	90%
<i>Communication</i>	20%
<i>Quality</i>	20%
<i>Ease</i>	15%
<i>Process</i>	15%
<i>Speed</i>	15%
<i>Timeliness</i>	15%
<i>Customer Retention</i>	10%
Claims Channels	5%
<b>Cancellation</b>	<b>5%</b>

## How are the Awards for Car Insurance Calculated?

The Awards for Outstanding Value Car Insurance recognises the cumulative performance of insurers at both a state and national level in the underlying consumer profiles.

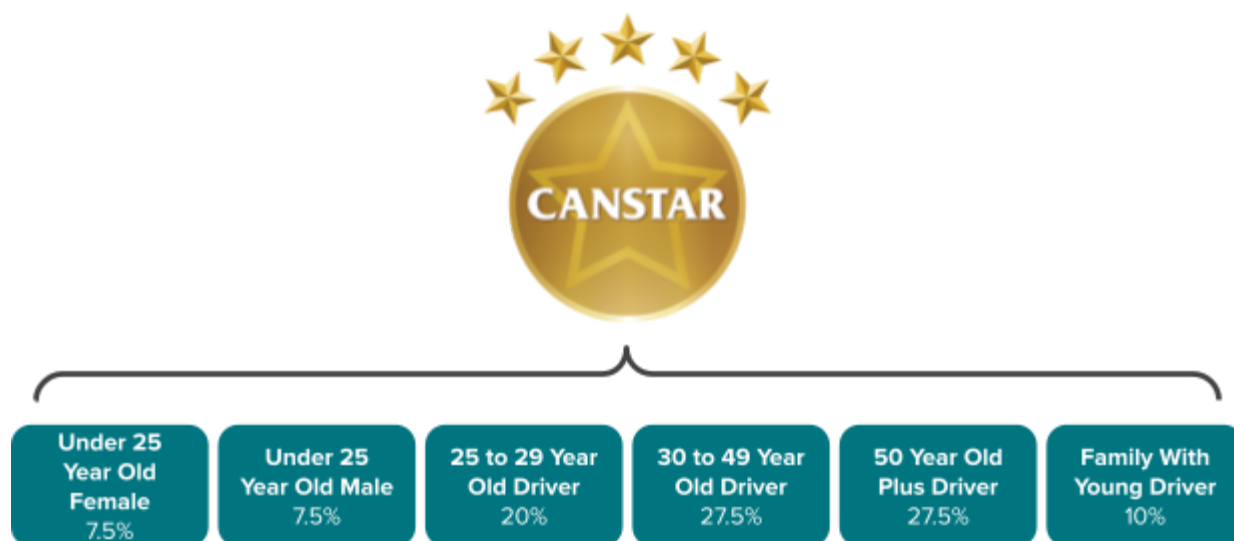
### State Awards

To be eligible for a state award a provider must meet the following criteria:

- The policy must be available directly to consumers, not limited solely to those of a particular age group.
- The institution must underwrite its own insurance or be a wholly owned subsidiary of a general insurer. Where an institution does not meet this criterion but offers a different value proposition (i.e. on price and features) to the policy offered by the product issuer, this institution may be considered.
- For comparison purposes, a quote must be available:
  - Directly from the provider, online, or via phone
  - For all postcodes considered within each profile
  - For all profiles within the state being considered.
- New providers must have been in the market for at least 12 months.

For each state, a State Award for Outstanding Value Car Insurance is provided to the insurer who has the highest cumulative performance across the considered profiles. State award winners are not necessarily the best value in every profile, as the award aims to recognise a consistently strong offering across the entire market.

The table below provides the weights applied to each individual profile when determining the award winner for each state.

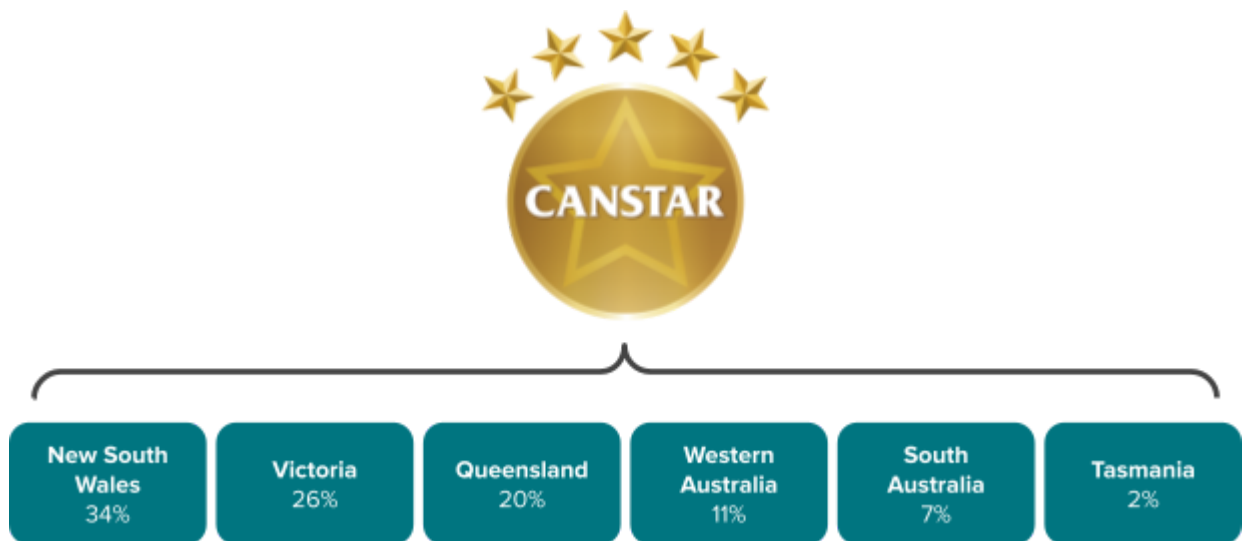


## National Awards

To be eligible for a national award a provider must meet the following criteria:

- The policy must be available directly to consumers, not limited solely to those of a particular age group.
- The institution must underwrite its own insurance or be a wholly owned subsidiary of a general insurer. Where an institution does not meet this criterion but offers a different value proposition (i.e. on price and features) to the policy offered by the product issuer, this institution may be considered.
- The insurance provider must have a national presence.
- For comparison purposes, a quote must be available:
  - Directly from the provider, online, or via phone
  - For all postcodes considered within each profile
  - For all profiles within the state being considered.
- New providers must have been in all markets for at least 12 months.

The National Award is awarded based on the cumulative score across all profiles and all states. The same weight is placed on each profile as with the state awards, with each state then receiving a weight based on population representation according to annual Australian Bureau of Statistics (ABS) data, as follows:



## Outstanding Claims Service Award

An Award for Outstanding Claims Service recognises insurers for a combination of customer claims satisfaction, considering claim components and retention post claim, and product features specifically related to claims.

To be eligible for consideration towards an Outstanding Claims Service Award, a provider must meet the following criteria:

- A policy must be available to all consumer profiles and all states considered.

An Outstanding Claims Service Award is provided to an insurer based on the cumulative score across their claims satisfaction score and claims feature score, summarised below with respective weights:



### Claims Satisfaction Score

A national survey is conducted to measure the satisfaction level of consumers with their recent car insurance claims experience. The claims satisfaction score takes into account survey responses regarding claim components and customer retention, as shown below:



A claim components score is calculated for an insurer based on responses from survey respondents regarding their level of satisfaction with company-specific claim components; communication, ease, process, quality, speed and timeliness. Each component is assigned a weighting based on its contribution to overall satisfaction. The product with the highest score is allocated the maximum score, with all remaining products indexed against it.

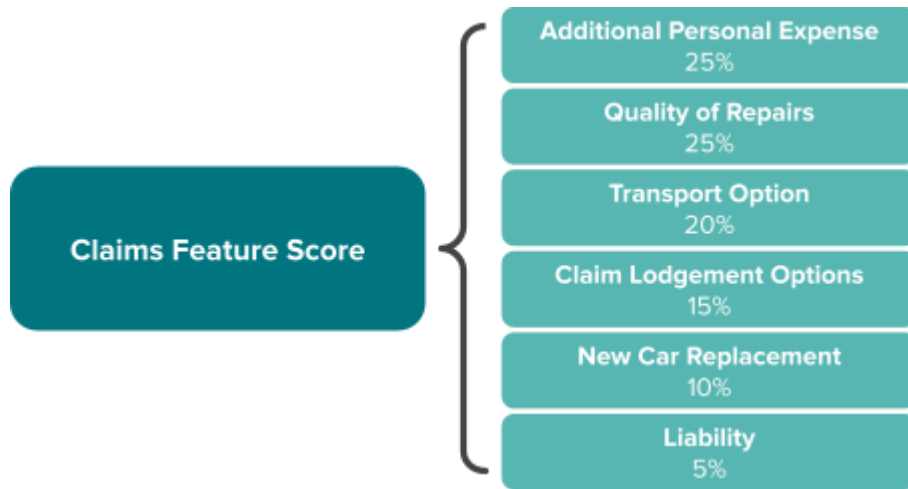
An insurer's customer retention score is calculated based on whether survey respondents remained with the insurer following their claim. The product with the highest score in this area is allocated the maximum customer retention score, with all remaining products indexed against it.

For companies that do not receive at least 30 responses:

- if the insurer belongs to an insurance network, they are given the average claims satisfaction score across the insurance network
- if they do not belong to an insurance network, they are given an adjusted average of the claims satisfaction score across all providers (subtracting the standard error from the mean).

### Claims Feature Score

The Claims Feature score is the cumulative score across features related specifically to when a claim is made following an accident, such as emergency repairs and accommodation, genuine parts, car hire, liability cover, replacement car, etc. Points are allocated to the available features at the time of claim. Products are indexed relative to the top scorer; with the best performing product assigned the maximum claims feature score.





## How often are products reviewed for Star Ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

## Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

## Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

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